

KSLU – FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
SOUTHEASTERN LOUISIANA UNIVERSITY

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/16/09

KSLU – FM Radio
A Public Telecommunications Entity Operated by
Southeastern Louisiana University
Table of Contents
June 30, 2009

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report on the Financial Statements	-	1
Financial Statements		
Statement of Financial Position	A	2
Statement of Activities	B	3
Statement of Cash Flows	C	4
Notes to Financial Statements	-	5 - 10
Other Independent Auditor's Reports and Findings and Recommendations		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	13 - 14
Current Year Audit Findings and Recommendations	-	15
Summary Schedule of Prior Audit Findings	-	16

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durnin, CPA
Dennis E. James, CPA
Lyle E. Lambert, CPA

Member
American Institute of CPAs
Society of Louisiana CPAs

November 23, 2009

Independent Auditor's Report

Mr. Todd Delaney,
General Manager
KSLU-FM Radio
Hammond, Louisiana

We have audited the accompanying statement of financial position of KSLU-FM Radio, a licensee and public telecommunications entity operated by Southeastern Louisiana University, as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of KSLU-FM Radio's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSLU-FM Radio as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009, on our consideration of KSLU-FM Radio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

Durnin & James, CPAs

Durnin & James, CPAs
(A Professional Corporation)

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Statement of Financial Position
June 30, 2009
(With Comparative Totals as of June 30, 2008)

Exhibit A

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Assets		
Cash	\$ 9,647	\$ 6,065
University Intra-Fund Balance	115,376	126,253
Accounts Receivable, Net of Allowance for Uncollectible Accounts	4,490	-
Equipment, Net of Accumulated Depreciation	<u>156,607</u>	<u>194,734</u>
 Total Assets	 <u>\$ 286,120</u>	 <u>\$ 327,052</u>
 Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
 Net Assets		
Temporarily Restricted	<u>286,120</u>	<u>327,052</u>
Total Net Assets	<u>286,120</u>	<u>327,052</u>
 Total Liabilities and Net Assets	 <u>\$ 286,120</u>	 <u>\$ 327,052</u>

The accompanying notes are an integral part of this statement

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
 Statement of Activities

For the Year Ended June 30, 2009

(With Comparative Totals For the Year Ended June 30, 2008)

	June 30, 2009			June 30, 2008		
	Unrestricted	Temporarily	Total	Unrestricted	Temporarily	Total
	Net Assets	Restricted	Net Assets	Net Assets	Restricted	Net Assets
Revenues:						
Contributions from Southeastern Louisiana University:						
General Appropriation	\$ -	\$ 256,262	\$ 256,262	\$ -	\$ 208,715	\$ 208,715
Donated Facilities & Administrative Support	-	103,959	103,959	-	85,306	85,306
Student Tuition Assessment	-	81,276	81,276	-	80,877	80,877
Grant Revenue	-	89,905	89,905	-	93,049	93,049
Private Sector Revenue	41,657	-	41,657	35,654	-	35,654
Net Assets Released from Restrictions:						
Restrictions Satisfied by Payments	572,334	(572,334)	-	498,049	(498,049)	-
Total Revenues	613,991	(40,932)	573,059	533,703	(30,102)	503,601
Expenses:						
Unrestricted Operating Funds	425,097	-	425,097	363,201	-	363,201
Restricted Operating Funds	97,044	-	97,044	100,739	-	100,739
Community Service Grants	45,399	-	45,399	38,338	-	38,338
National Production & Program Acquisition Grants	21,929	-	21,929	23,556	-	23,556
Restricted Operating Fees	23,579	-	23,579	7,869	-	7,869
Loss on Disposal of Fixed Assets	943	-	943	-	-	-
Total Expenses	613,991	-	613,991	533,703	-	533,703
Change in Net Assets	-	(40,932)	(40,932)	-	(30,102)	(30,102)
Net Assets - Beginning of the Year	-	327,052	327,052	-	357,154	357,154
Net Assets - End of the Year	-	\$ 286,120	\$ 286,120	-	\$ 327,052	\$ 327,052

The accompanying notes are an integral part of this statement.

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Statement of Cash Flows
For the Year Ended June 30, 2009
(With Comparative Totals For the Year Ended f June 30, 2008)

Exhibit C

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (40,932)	\$ (30,102)
Adjustments to Reconcile Change in Net Assets To		
Net Cash Used by Operating Activities:		
Depreciation	61,184	61,440
Loss on Disposal of Fixed Assets	943	-
(Increase) Decrease in Accounts Receivable	(4,490)	-
(Increase) Decrease in University Intra-Fund Receivable	10,877	37,897
Net Cash Provided by Operating Activities	27,582	69,235
Cash Flows from Investing Activities		
Purchase of Equipment	(24,000)	(70,098)
Net Cash Used by Investing Activities	(24,000)	(70,098)
Net Increase in Cash and Cash Equivalents	3,582	(863)
Cash and Cash Equivalents - Beginning of the Year	6,065	6,928
Cash and Cash Equivalents - End of the Year	\$ 9,647	\$ 6,065

The accompanying notes are an integral part of this statement.

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Notes to Financial Statements
For the Year Ended June 30, 2009

1. Summary of Significant Accounting Policies

The financial statements of KSLU-FM Radio (the "Station") have been prepared on the accrual basis. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

A. Organization

The Station is a public telecommunications entity operated by Southeastern Louisiana University (the "University") in Hammond, Louisiana. Its purpose is to provide public radio programming and broadcasting in Hammond, Louisiana and the surrounding area. The Station is funded in part by direct state appropriations through the University, in-kind support from the University, and self-assessed student fees through the University. The Station is also funded through grants provided by the Corporation for Public Broadcasting (CPB) as well as private sector underwriting sources. The Station presently has five full-time employees.

B. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Station, the accounts of the Station are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

The assets, liabilities, and fund balances of the Station are reported in self-balancing fund groups as follows:

Operating Funds include resources available to support the operations of the Station. Primary support is provided by the University; however, additional support is provided through in-kind donations.

Property Fund includes resources invested in property and equipment used in the Station's operations.

Community Service Grant Funds represent grants funded by CPB. The amounts funded are designated for the Station's operating expenses.

National Production and Programming Grant Funds represent grants funded by CPB. The amounts funded are designated for national production and program acquisition expenses.

C. University Intra-Fund Balance

The University provides cash management services to the Station. Amounts included in intra-fund balances represent the respective payable or receivable between the Station and the University.

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Notes to Financial Statements (Continued)
June 30, 2009

D. Statement of Cash Flows

For the purposes of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

E. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in fund balances. Accordingly, certain costs have been allocated among programs and supporting services benefited based on total personnel costs or the other systematic bases.

F. Indirect Contributions and Support

Donated facilities from the University consist of studio and office space together with related occupancy costs and are recorded in revenue and expense at either fair market value or the direct cost with allocations based on the Station's respective usage.

In-kind programming support consists of remote broadcasting facilities provided at no cost to the Station for programming and / or broadcasting operations. The value of such support is generally the cost to the provider or amounts determined to be acceptable to CPB.

G. Restricted Support

The Station reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

H. Gifts of Long-Lived Assets

The Station reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

I. Revenue Recognition

Unrestricted contributions, pledges, and grants are recognized as revenue in the statement of financial activity upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or upon accrual. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Notes to Financial Statements (Continued)
June 30, 2009

J. Financial Statement Presentation

In 1996, the Station elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," early. Under SFAS No. 117, the Station is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Station is required to present a statement of cash flows.

K. Contributions

In 1996, the Station elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

L. Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Property and Equipment

Fixed assets are recorded at cost or, in the case of donated property, at estimated fair market value at the date of receipt. Depreciation is calculated by the straight-line method for all property acquired before 1981, and for property acquired after 1989, and by the accelerated cost recovery (ACRS) method for all property acquired from 1982 to 1989. Estimated useful lives used in depreciation calculations range from three to ten years. Depreciation was \$61,184 for fiscal year 2009. Expenditures for maintenance and repairs are charged against revenues as incurred. Fixed asset purchases, the cost of major additions, and improvements are capitalized if the value is over \$1,000.

Transmitting and Broadcast Equipment	\$ 532,131
Furniture and Office Equipment	19,230
	<hr/> 551,361
Less: Accumulated Depreciation	394,754
Net Property and Equipment	<hr/> <u>\$ 156,607</u>

3. Pension Plan

Employees of the Station are employees of the University and are members of the Louisiana State Employees Retirement System and the Louisiana State Teachers Retirement System. Contributions by the Station to these two retirement systems during the year total \$6,110 and \$20,694, respectively. Required disclosures relating to the status of these retirement systems is provided in the University's financial statements.

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Notes to Financial Statements (Continued)
June 30, 2009

4. Functional Expenses

Expenses incurred were for:

	Programming & Production	Broadcasting	Management & General	2009 Total
Salaries & benefits	\$ 126,758	\$ 94,346	\$ 124,157	\$ 345,261
Occupancy	376	221	144	741
Dues & subscriptions	30,065	-	2,335	32,400
Xerox copies	-	-	16	16
Repairs & maintenance	-	41	2,500	2,541
Conferences / meetings	-	-	5,231	5,231
Advertising	-	-	2,981	2,981
Printing	-	-	624	624
Professional services	-	-	28,498	28,498
Office supplies	405	555	2,436	3,396
Depreciation	-	59,821	1,363	61,184
Telephone	-	-	3,532	3,532
Institutional support	43,979	25,860	16,816	86,655
Physical plant	4,997	2,938	1,911	9,846
Student work study	-	24,271	-	24,271
Rentals	-	1,495	48	1,543
Loss on disposals	-	943	-	943
Miscellaneous	-	-	4,328	4,328
Totals	<u>\$ 206,580</u>	<u>\$ 210,491</u>	<u>\$ 196,920</u>	<u>\$ 613,991</u>

5. Grants from the Corporation for Public Broadcasting

CPB is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. Annually, CPB distributes funds in the form of Community Service Grants (CSGs) and National Program Production and Acquisition Grants (NPPAGs) to qualifying public telecommunication entities.

CSGs are used to augment the financial resources of public broadcasting stations and thereby, to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), 1983 Supplement. In any event, each grant must be expended within two years of the initial grant authorization. According to the Communications Act, funds may be used at the discretion of recipients. In addition, the grants may be used to sustain activities begun with CSGs awarded in prior years.

NPPAGs are grants limited to the production, acquisition, promotion, and distribution of national programming. National programming has been defined as a program placed in the national marketplace of

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Notes to Financial Statements (Continued)
June 30, 2009

public radio programming. Public broadcaster uses these funds for purposes relating primarily to production and acquisition of programming.

Both the CSG and NPPAG grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

The CPB grants received and expended during the most recent fiscal years were as follows:

Type of Grant	Year of Grant	Grants Received	Expended				Ending Balance
			2005 - 06	2006 - 07	2007 - 08	2008 - 09	
Disaster	2005 - 07	\$ 20,000	\$ -	\$ -	\$ 19,037	\$ -	\$ 963
CSG	2005 - 07	67,986	1,130	66,856	-	-	-
NPPAG	2005 - 07	25,801	390	25,410	1	-	-
Digital Conv	2006 - 08	88,830	-	88,830	-	-	-
CSG	2006 - 08	61,020	-	129	60,828	63	-
NPPAG	2006 - 08	23,555	-	-	23,555	-	-
CSG	2007 - 09	56,835	-	-	-	55,369	1,466
NPPAG	2007 - 09	21,929	-	-	-	21,929	-
CSG	2008 - 10	55,876	-	-	-	599	55,277
NPPAG	2008 - 10	19,744	-	-	-	-	19,744

In addition to the normal CSG and NPPAG grants received annually, the Station also received a \$20,000 Disaster Relief Grant during a prior year. This grant was provided by CPB in September 2005 to assist the Station in recovering from Hurricane Katrina. This is considered to be a one-time grant and will not be received by the Station in the future.

6. State Appropriations

This classification includes financial resources provided to the Station through budgetary authorizations of the State of Louisiana. State appropriations utilized for the year ended June 30, 2009 were as follows:

Authorized State Appropriation	\$ 256,262
Unexpended Appropriation	-
Total Operating Fund	256,262
Property Fund	-
Total	<u>\$ 256,262</u>

KSLU-FM Radio
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Southeastern Louisiana University
Notes to Financial Statements (Continued)
June 30, 2009

7. Indirect Administrative Support

Portions of the licensee's general overhead costs relate to and benefit the public broadcaster. Such items include administration, utilities, maintenance, and repair. These services were provided without cost and have been allocated to the Station. The fair value of these services is reported as revenue and expense in the accompanying statement of financial activity.

Donated facilities from the licensee are based on the depreciated value of space occupied.

8. Student Tuition Assessment

Each student taking at least four semester hours is assessed a fee per semester which is dedicated to the Station. Revenue from this source was generated in the amount of \$81,276.

9. Economic Dependency

For the fiscal year ended June 30, 2009, the Station received a total of \$573,059 in total revenues and support. The majority (90.23%) of these revenues came from two sources – CPB and the University. The Station received \$441,497, or 77.04%, of support from the University and \$75,620, or 13.20%, of support from CPB.

**Other Independent Auditor's Report and
Findings and Questioned Costs**

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA

John N. Durmin, CPA
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Member
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November 23, 2009

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Mr. Todd Delaney,
General Manager
KSLU-FM Radio
Hammond, Louisiana

We have audited the financial statements of KSLU-FM Radio, a licensee and public telecommunications entity operated by Southeastern Louisiana University, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered KSLU-FM Radio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KSLU-FM Radio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of KSLU-FM Radio's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Mr. Todd Delaney
General Manager

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KSLU-FM Radio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Southeastern Louisiana University, the Louisiana Legislative Auditor, and the Corporation for Public Broadcasting, and is not intended to be and should not be used by anyone other than these specified parties. Under Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

KSLU-FM Radio
A Public Telecommunications Entity Operated By
Southeastern Louisiana University
Summary Schedule of Prior Findings
For the Year Ended June 30, 2009

Ref #	Fiscal Year Findings	Description of Finding	Corrective	Plan Corrective Action -	Additional
	Initially Occurred		Action	Partial Corrective Action Taken	Explanation

Compliance

None

Internal Control

None

Note: This schedule was prepared by the management of KSLU-FM Radio.